

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI IMMEDIATE

AMEMBASSY BEIRUT IMMEDIATE

C O N F I D E N T I A L STATE 141758

LIMDIS

FOLL REPEAT DAMASCUS 1295 ACTION SECSTATE 30 JUN 74 QUOTE

C O N F I D E N T I A L DAMASCUS 1295

LIMDIS

E.O. 11652 GDS

TAGS: ETRN

SUBJECT: SYRIAN AIRLINES AIRCRAFT PURCHASE

REF: DAMASCUS 417

1. MESSERS FOX AND LOMBARD OF LOCKHEED CALLED THIS AFTERNOON (JUNE 30) TO INFORM ME THAT IT NOW APPEARS SYRIAN AIRLINES HAS NARROWED CHOICE OF AIRCRAFT PURCHASE DOWN TO LOCKHEED 10-11 AND FRENCH AIRBUS(A-300) THEY SAID THEY BELIEVE DECISION IS IMMINENT. THEY CONTINUED THAT THEY HAVE LEARNED FROM RELIABLE SOURCES THAT FRENCH PRESIDENT HAS MADE PERSONAL AND DIRECT APPEAL TO PRESIDENT ASAD REQUESTING PURCHASE OF FRENCH AIRCRAFT ON BASIS OF "LONG FRANCO-SYRIAN FRIENDSHIP" IN ADDITION FRENCH PRESIDENT HAS ALLEGEDLY ASSURED ASAD OF FULL BACKING OF FRENCH GOVERNMENT SHOULD
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ANYTHING GO WRONG WITH AIRBUS.

2. MESSERS FOX AND LOMBARD BELIEVE THAT BASED ON BOTH PERFORMANCE AS WELL AS RECENT SUBSTANTIAL LOCKEED PRICE REDUCTIONS LOCKHEED 10-11 IS WELL COMPETITIVE. THEY ARE CONCERNED, HOWEVER, THAT THIS LAST-MINUTE FRENCH PRESIDENTIAL INTERVENTION MAY TIP THE SCALE AGAINST LOCKHEED.

3. IN VIEW THIS DEVELOPMENT, THEY HAVE REQUESTED THAT I ALSO MAKE AN INTERVENTION AT THE PRESIDENTIAL LEVEL IN ORDER TO COUNTERACT FRENCH MOVE(THEY ALSO PLAN TO APPROACH BRITISH EMBASSY HERE TO ASK SIMILAR ASSISTANCE BECAUSE OF LOCKHEED AFFILIATION WITH ROLL-ROYCE ON THIS PROJECT) I TOLD THEM THAT I WOULD NEED DEPARTMENTAL APPROVAL BEFORE I COULD MAKE SUCH AN APPROACH. AT THE SAME TIME, I INDICATED TO THEM THAT I HAVE INFORMALLY SPOKEN TO HIGH-LEVEL SYRIAN OVER THE PAST SEVERAL MONTHS (MOST RECENTLY ON JUNE 27 TO PRESIDENTIAL SECRETARY DABOUL BUT I DID NOT GIVE THIS NAME TO LOMBARD AND FOX) AND HAVE EXPRESSED USG'S DEEP INTEREST IN THE OUTCOME OF THE SYRIAN AIRLINES PURCHASE. I ALSO TOLD THEM THAT BASED ON THESE CONTACTS I HAVE BEEN ASSURED THAT THE ORDER WOULD GO TO AN AMERICAN FIRM(SEE REFTEL) MOREOVER AS A RESULT OF MY JUNE 27 CONTACT IT APPEARED THAT A DECISION WOULD NOT BE MADE FOR SEVERAL MORE WEEKS. FINALLY I RECOMMENED THAT THEY ALSO CONTACT THEIR HOME OFFICE TO REQUEST AN OFFICIAL APPROACH FROM IT TO THE DEPARTMENT IN ORDER TO PROVIDE THE DEPARTMENT WITH AS MUCH INFORMATION AS POSSIBLE. LOMBARD AND FOX SAID THEY WOULD DO SO IMMEDIATELY.

4. COMMENT: IN PRINCIPLE I BELIEVE AN INTERVENTION AT THE HIGHEST LEVEL IS WARRANTED. MY ONLY CONCERN IS THAT THE DEPARTMENT MIGHT GET ITSELF INVOLVED IN A MATTER THAT MAY COME BACK TO HAUNT THE USG AND AT A LATER TIME. SPECIFICALLY, I AM NOT SURE ABOUT THE FINANCING OF THIS PROJECT. FROM WHAT I HAVE LEARNED, THE MONEY IS COMING FROM ABU DHABI BUT A CRYPTIC REMARK (A REMARK I HAD INTENDED TO PURSUE FURTHER BEFORE REPORTING IT) BY DABOUL ON JUNE 27 THAT THIS MATTER WILL BE DISCUSSED
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WHEN THE SYRIAN ECONOMIC REPRESENTATIVE GOES TO WASHINGTON GIVES ME PAUSE. IT MAY BE THAT THE SYRIAN GOVERNMENT IN AN EFFORT TO USE ITS ABU DHABI FUNDS ELSEWHERE WILL ASK FOR USG ASSISTANCE NOW THAT THERE IS TALK OF US-SYRIAN ECONOMIC COOPERATION. MESSERS LOMBARD AND FOX SAY WITHOUT GIVING ME DETAILS (SOMETHING THE DEPARTMENT SHOULD ASK FOR) THAT THEY ARE PROVIDING THE SARG WITH SUBSTANTIAL FINANCIAL REDUCTIONS AND OTHER INDUCEMENTS WHICH MAY TAKE

CARE OF THIS MATTER. I JUST DONT KNOW. IN ANY EVENT, THIS
IS A BIG DEAL (ABOUT \$40-MILLION)
AND LOCKHEED AND THE USG BALANCE OF PAYMENTS NEED IT.
A GENERAL LETTER, WHICH WOULD NOT RAISE HOPES FROM THE
SECRETARY TO THE PRESIDENT MIGHT DO THE TRICK. WHATEVER
FORM IS DECIDED, I REQUEST DEPARTMENTAL GUIDANCE OVER
THE NEXT FEW DAYS IN ORDER AT LEAST TO DEMONSTRATE TO
SYRIANS THAT MY INFORMAL INTEREST OF THE LAST SEVERAL
MONTHS HAS DEPARTMENTAL SUPPORT AND THAT THE FRENCH
MOVE NOT REMAIN UNCHALLENGED.
SCOTES

UNQUOTE SISCO

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